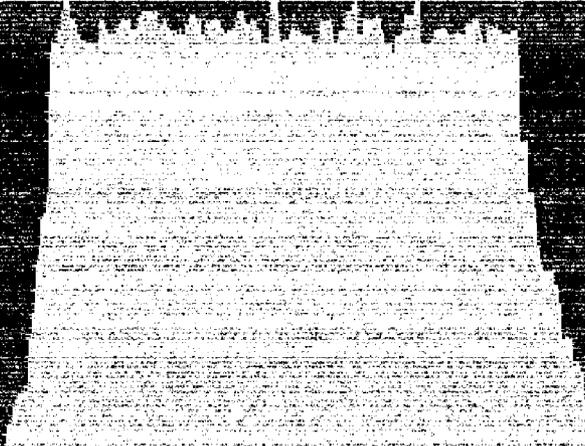
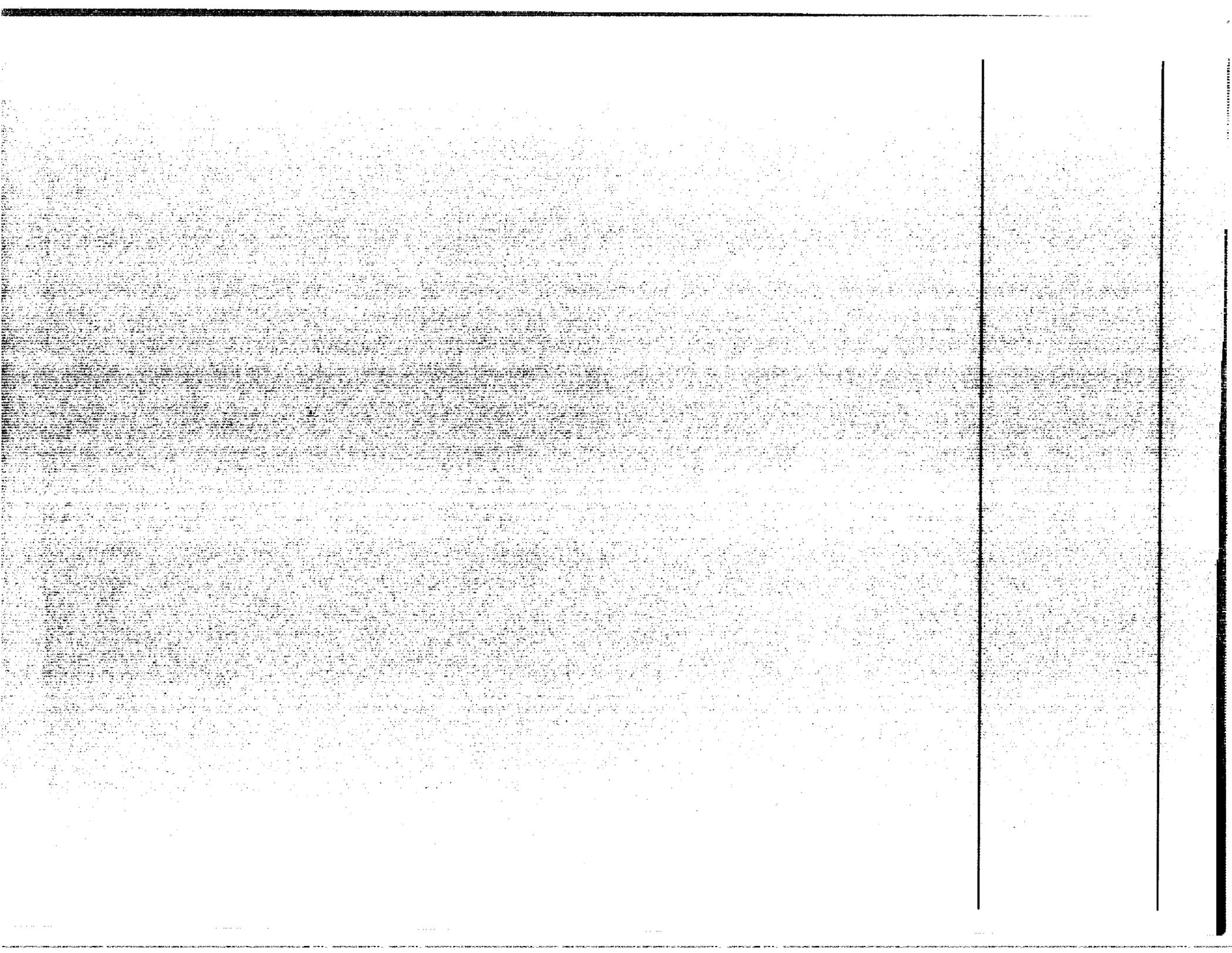


SAFETY AND SECURITY OPERATIONS

OPERATIONAL PROCEDURES IN CONNECTION WITH DISASTERS







United States
General Accounting Office
Washington, D.C. 20548

150810

**National Security and
International Affairs Division**

B-255935

March 4, 1994

The Honorable Sam Nunn
Chairman, Committee on
Armed Services
United States Senate

The Honorable Ronald V. Dellums
Chairman, Committee on
Armed Services
House of Representatives

This report discusses the costs incurred by the Department of Defense (DOD) in operations in Somalia since fiscal year 1992 and the extent to which those costs are reimbursable by the United Nations. It suggests that the Congress consider whether to (1) continue to allow DOD to retain any reimbursements in excess of the funds already appropriated by the Congress, (2) reduce DOD's appropriated funds by the amount reimbursed by the United Nations, or (3) create an account to receive the reimbursements for use in funding future contingency operations.

We are sending copies of this report to the Chairmen of the House and Senate Committees on Appropriations, House Committee on Foreign Affairs, and Senate Committee on Foreign Relations. We are also sending copies to the Secretaries of Defense, State, the Army, the Navy, and the Air Force. We will also make copies available to others upon request.

Please contact me at (202) 512-3504 if you or your staffs have any questions concerning this report. Major contributors to this report are listed in appendix III.

Richard Davis
Director, National Security
Analysis

Executive Summary

Purpose

In response to widespread starvation in Somalia, the United States provided support for relief efforts as part of three U.N.-sponsored operations. After discussions with several congressional committees, GAO reviewed the costs associated with these operations to determine (1) what incremental costs¹ the Department of Defense (DOD) incurred during its operations in Somalia; (2) the impact these operations have had on DOD's normal spending plans; and (3) what, if any, reimbursement the United States could expect for expenses incurred during the Somalia operations and how DOD and the State Department will share such reimbursement.

Background

In April 1992, the United Nations passed a resolution establishing the U.N. Operation in Somalia (UNOSOM) to observe prior cease-fire agreements and provide security to humanitarian relief efforts in Somalia. DOD's participation, termed Operation Provide Relief, provided transportation for Pakistani troops, humanitarian aid workers, and supplies.

The situation in Somalia deteriorated, and on December 3, 1992, the U.N. Security Council passed Resolution 794, accepting the U.S. offer to lead a multinational Unified Task Force (UNITAF) to establish a secure environment for humanitarian relief operations and prepare for subsequent transition to U.N. forces. At UNITAF's peak early in 1993, about 26,000 U.S. troops and about 12,000 troops from 20 other countries were involved. UNITAF was not a U.N. operation. U.S. participation in UNITAF was called Operation Restore Hope.

On March 26, 1993, the United Nations authorized the establishment of UNOSOM II to maintain the secure environment in Somalia created by UNITAF, pursue disarmament, and reestablish basic civil institutions. Most U.S. troops from UNITAF were withdrawn by May 4, 1993, when the UNITAF commander officially turned over command to the UNOSOM II commander. DOD participation in support of UNOSOM II has been designated Operation Continue Hope. At the peak of U.S. involvement, there were about 2,900 logistics troops as a direct part of UNOSOM II. In addition, up to approximately 14,000 U.S. military personnel in and near Somalia have served in support of UNOSOM II but under U.S. command and control and not as part of U.N. forces. The United States will withdraw all but a few hundred military personnel in noncombat roles by March 31, 1994.

¹As defined by the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508), for use during Operation Desert Shield/Storm, incremental costs are only those costs that would not have been incurred except for the operation. DOD is still using this definition.

The United Nations pays countries for providing support through certain types of agreements. To pay for support provided to 10 specific countries during UNITAF, the United Nations established the Trust Fund for Somalia and asked for contributions from member states. Other support is provided through Letters of Assist, which arrange for goods and services to be paid for by the United Nations.

The United Nations also pays member states participating in U.N. operations for providing troops and equipment. The United Nations will pay the U.S. government for the 2,900 logistics troops assigned to the U.N. force and whatever equipment the United Nations requested for the operation. Since it was not a U.N. operation, the United States will not be paid for the troops involved in UNITAF/Restore Hope; nor will the United States be paid for Continue Hope forces that are outside of UNOSOM II.

Results in Brief

DOD has incurred incremental costs of almost \$885 million for operations in Somalia through the end of fiscal year 1993, as shown in table 1. DOD paid for most of this by a congressionally approved transfer of funds between its existing appropriations and absorbed the balance within its normal operating appropriations. No additional funds were appropriated to cover these costs.

According to DOD and service officials, the transfer of funds necessary to cover DOD Somalia costs has not adversely affected normal spending plans. However, should such spending conditions continue for contingency operations, DOD officials say it could create mid- to long-term problems.

Of the almost \$885 million in incremental costs incurred through fiscal year 1993, DOD is entitled to be reimbursed by the United Nations for at least \$123.6 million for expenses incurred during UNITAF and UNOSOM II. DOD has been paid \$27.5 million for expenses incurred in the support of other nations during UNITAF, and the United Nations has been billed for \$43.7 million in self-sustainment costs and \$44.2 million for support provided to the United Nations during UNOSOM II. The United Nations has yet to be billed for \$3.8 million in UNOSOM II costs. DOD has received \$2.7 million, of an estimated \$4.4 million for troop reimbursements for UNOSOM II. There is no estimate as yet for equipment payments to DOD.

In some circumstances, DOD would be allowed to retain the money it receives from the United Nations, giving it access to funds above the amount appropriated for that fiscal year. DOD would then have access to

Executive Summary

these funds without any requirement for further congressional authorization or appropriation.

Principal Findings

DOD Incurred Substantial Incremental Costs for Somalia Operations

Table 1 summarizes DOD's incremental costs for operations in Somalia through fiscal year 1993.

Table 1: DOD Incremental Costs for Somalia Operations From April 1992 Through September 1993

Dollars in millions

Description	Incremental costs	Amount reimbursable to DOD	Notes
Provide Relief/UNOSOM I (April 1992 through April 1993)	\$20.1	None	Reimbursement waived by acting Secretary of State.
Restore Hope/UNITAF (December 1992 through April 1993)	692.2	None	This was not a U.N.-led operation and was, therefore, not reimbursable by the United Nations.
Continue Hope/UNOSOM II (May 1993 through September 1993)	94.7	\$ 43.7	\$43.7 million in self-sustainment has been billed; an additional \$46.6 million of the total \$94.7 million is not reimbursable since these costs were incurred by U.S. troops not involved in the U.N. operation.
		4.4	\$4.4 million in estimated U.N. payment for DOD's share of troop payments.
		To be determined	Unknown amount due for contingent-owned equipment.
DOD support provided by agreement to United Nations (December 1993 through September 1993)	75.5	75.5	\$27.5 million received from Trust Fund for Somalia. \$44.2 million for Letters of Assist has been billed; \$7.1 million in payment has been received as of January 1994. \$3.8 million for Letters of Assist has not been billed.
Support provided to other countries through cross-service agreements	2.4	None	Cross-service agreements provide for sharing support between nations, with reimbursement usually coming in the form of assistance-in-kind instead of cash.
Total	\$884.9	\$123.6	

Note: Some of the operations overlap.

For the first operation, Provide Relief, DOD incurred \$20.1 million in costs, primarily for airlift of humanitarian workers, aid, and Pakistani troops. The acting Secretary of State, in consultation with the Secretary of Defense, waived U.N. reimbursement for services to UNOSOM, as allowed under section 7 of the U.N. Participation Act. Therefore, DOD absorbed the entire \$20.1 million within its normal operating appropriations.

DOD officials estimated that \$750 million would be spent on Operation Restore Hope during fiscal year 1993. To pay for these costs, the services used money allocated to programs with less immediate funding needs and future quarters until the Congress allowed DOD to transfer the \$750 million from the procurement and research and development appropriations to its operations and maintenance and military personnel appropriations to cover the amounts paid from those accounts. The actual incremental costs totaled \$692.2 million. Money left after Restore Hope costs were paid was applied to unfunded operations, such as Provide Relief.

DOD estimated that the incremental costs for Operation Continue Hope/UNOSOM II for May through September 1993 were \$94.7 million. Of this amount, DOD incurred costs of \$46.6 million for U.S. troops that are not part of UNOSOM II. The services absorbed the costs through their normal operating appropriations or offset them against the funds that were transferred for Operation Restore Hope. An estimated \$4.4 million in incremental personnel costs will be reimbursed by the United Nations. The balance of \$43.7 million for self-sustainment has been billed to the United Nations. DOD and the services have not yet estimated the fiscal year 1994 costs for the operation, which is ongoing and changing.

DOD Spending Plans Were Not Adversely Affected

Service and DOD officials said that operations in Somalia have not significantly disrupted normal spending plans. According to DOD and service officials, the continued expenditure of training and infrastructure support funds on unplanned and unfunded contingency operations could have an adverse impact on readiness in the future. DOD officials expressed concern that, with regard to combat forces, participation in peacekeeping operations may degrade unit combat readiness. However, peacekeeping activities may give those with noncombat skills, such as logistics, an opportunity to practice and enhance those skills.

Some of DOD's Incremental Costs Will Be Reimbursed by the United Nations

DOD is entitled to at least \$123.6 million in reimbursements from the United Nations and the U.N.-held Trust Fund for Somalia. Of this, almost \$75.5 million in reimbursable costs were incurred by the military services under contractual agreements in support of the United Nations and others for UNITAF and UNOSOM II. Of this amount, DOD has billed the Trust Fund for Somalia for \$27.5 million for support provided to 10 countries participating in UNITAF. These bills were paid in late October 1993. The remaining \$48 million is for equipment purchases and transport services. These were provided to the United Nations through Letters of Assist during UNOSOM II. DOD has billed the United Nations for about \$44.2 million of this amount and, as of January 1994, has been paid \$7.1 million.

The United Nations will reimburse the United States for sustainment—food, water, and fuel—costs for U.S. troops assigned to the UNOSOM II force from May through September 1993, which the United States was incurring until the U.N. operation could sustain all participating troops. The United States billed the United Nations for the entire \$43.7 million in January 1994.

The U.S. government is also entitled to U.N. reimbursement for providing troops and equipment for UNOSOM II. DOD seeks only to recover its incremental costs for personnel of \$248 per person per month for imminent danger, foreign duty, and family separation pays and other incremental costs of \$70 per month per person for clothing, personal equipment, and weapon and the maintenance costs required to refurbish equipment used in UNOSOM II from these payments. The United States is due an estimated \$15 million in total troop payments for May through September 1993, of which \$4.4 million is DOD's incremental personnel costs. The remaining \$10.6 million is available to be applied toward the U.S. assessment for peacekeeping operations. There is no estimate for equipment payments.

Questions Surrounding Use of Potential U.N. Reimbursements

DOD could receive at least \$123.6 million in U.N. reimbursements in fiscal year 1994. These reimbursements would be primarily for equipment and services and for funds DOD spent in fiscal year 1993 and would be in addition to the amount the Congress appropriated for fiscal year 1994. Depending on the timing of such reimbursements and the statutory authority under which the payments would be received, DOD could be authorized to deposit these payments into its currently available appropriation accounts. DOD could use these funds for the same purposes

as the accounts into which they were deposited without any requirement for further congressional action.

As a general rule, without specific authority to the contrary, payments agencies receive from outside sources, including reimbursements for goods or services provided by the agency, must be deposited in the Treasury as miscellaneous receipts. Section 607 of the Foreign Assistance Act, however, allows U.N. reimbursements for goods and services, as well as for Trust Fund support, to be credited to DOD's existing appropriation accounts if received within 180 days after the end of the fiscal year in which the goods or services were delivered. These amounts remain available to the agency for the same purposes as the appropriations to which they are credited. However, section 607 of the act does not authorize DOD to retain payments received after the 180-day time period has expired. There are no similar time limits that apply to U.N. payments received under section 630 of the act, such as the troop payments.

Matters for Congressional Consideration

While existing legislation allows DOD to retain U.N. reimbursements under certain circumstances, any reimbursement DOD receives from the United Nations in fiscal year 1994 or in subsequent fiscal years for troops, goods, or services, would be over the level of congressional appropriations for those fiscal years. Given the significant level of reimbursements involved, the Congress may wish to consider whether (1) DOD should continue to have access to these reimbursements as currently allowed by the Foreign Assistance Act and, if so, whether the 180-day time limit for retaining any reimbursements received under section 607 of that act should be revised; (2) an amount equal to the reimbursements should be rescinded from DOD's current appropriations, if DOD is allowed to retain the reimbursements; or (3) it should create an account into which these U.N. reimbursements could be deposited for use in funding future DOD contingency operations.

Agency Comments and GAO's Evaluation

DOD and the Department of State generally agree with the contents of this report; however, DOD does not believe that amounts equal to U.N. reimbursements should be rescinded because the reimbursements allow DOD to execute previous congressionally approved programs. DOD noted, and GAO agreed, that under section 607 of the Foreign Assistance Act, the Congress has given DOD authority to accept reimbursement for goods and services provided to certain international organizations.

GAO raises this matter not because it advocates denying DOD access to U.N. reimbursements, but because of (1) the large amount of reimbursements due DOD and (2) the fact that these reimbursements are in addition to amounts appropriated by the Congress. In addition, as discussed in the report, DOD presently only has access to U.N. reimbursements if they are received within 180 days from the end of the fiscal year in which the goods and services were delivered. However, DOD may not always receive reimbursements within the statutory period, in which case the reimbursement would be deposited in the general fund of the U.S. Treasury and be unavailable to DOD. GAO believes that all of the above factors merit a reexamination of U.N. reimbursements, including considering whether (1) the access to such reimbursements should continue and (2) the limited period for receiving reimbursements should be revised.

Appendixes I and II, respectively, contain DOD's and the State Department's comments and GAO's response.

Contents

Executive Summary		2
Chapter 1		12
Introduction	DOD Participation in Somalia Operations	12
	United Nations Provides Reimbursement for Some Participation in Somalia Operations	14
	Objectives, Scope, and Methodology	14
Chapter 2		16
The Cost of DOD Operations in Somalia and Effect on Normal Spending Plans	Costs of DOD's Operations in Somalia Could Approach \$1 Billion	16
	DOD Reports That Spending Plans Were Not Adversely Affected by Moving Money to Pay for Somalia Operations	18
	Conclusions	20
Chapter 3		21
DOD Is to Be Reimbursed by the United Nations for Troops, Goods, and Services	The United Nations Owes DOD Money for Goods and Services	21
	U.N. Payment for Troop and Equipment Participation	23
	Conclusions	25
	Matters for Congressional Consideration	25
	Agency Comments and Our Evaluation	26
Appendixes	Appendix I: Comments From the Department of Defense	28
	Appendix II: Comments From the Department of State	41
	Appendix III: Major Contributors to This Report	54
Table	Table 1: DOD Incremental Costs for Somalia Operations From April 1992 Through September 1993	4

Abbreviations

DOD	Department of Defense
GAO	General Accounting Office
LOA	Letter of Assist
OSD	Office of the Secretary of Defense
UNITAF	Unified Task Force
UNOSOM	U.N. Operation in Somalia

Introduction

In January 1991, the President of Somalia, Mohammed Siad Barre, was overthrown after 3 years of civil war. With no functioning government following Barre's ouster, violence and internal conflict continued. The clan-based groups that once cooperated to fight Barre began to combat each other. Political upheaval and the displacement of thousands of Somalis, along with the poor harvest in 1991, created an environment of starvation and violence.

DOD Participation in Somalia Operations

For several years, the United States and the United Nations, as well as private relief organizations, have participated in humanitarian efforts to help the starving population of Somalia. As the country became torn by civil war and continued factional fighting, these relief organizations found it increasingly difficult to both deliver aid to Somalia and distribute it inland once it arrived. In April 1992, the United Nations arranged for a tenuous cease-fire among the factions and the Security Council authorized deployment of military forces under a peacekeeping mandate pursuant to its Resolution 751. This deployment was meant to help protect relief efforts in Somalia and was called the U.N. Operation in Somalia (UNOSOM). Department of Defense (DOD) efforts to support UNOSOM, called Operation Provide Relief, were in the form of transport for supplies, workers, and Pakistani troops.

It soon became apparent that, although some U.N. forces had deployed to the area, starvation and lawlessness continued, and the situation in Somalia deteriorated further. Raids by armed militia continued to hamper relief efforts. The United States responded to this situation with an offer to establish and lead a multinational coalition that would provide sizeable military forces to secure the central and southern regions of Somalia so that famine relief could be effectively delivered. The U.N. Security Council accepted this offer and passed Resolution 794 on December 3, 1992, authorizing the Unified Task Force (UNITAF), though the subsequent operation would be under U.S. rather than U.N. control. Participation in this operation was considered voluntary, and member states were not assessed for its costs by the United Nations.

UNOSOM continued to provide humanitarian aid, but the principal focus of efforts in Somalia now shifted to the U.S.-led UNITAF. DOD called U.S. participation in UNITAF Operation Restore Hope. The mission of UNITAF/Restore Hope was to establish, by any means necessary, a secure environment for humanitarian relief and prepare for transition to U.N. forces. The United States deployed about 26,000 troops at the operation's

peak (mostly Marines and Army troops) and secured the participation of about 12,000 troops from 20 other countries.

During Operation Restore Hope, DOD provided food, water, and other support to coalition forces participating in UNITAF, since many contingents arrived without the supplies to fully sustain themselves. About \$2.4 million in support was provided to some coalition forces through cross-service agreements. These agreements allow for support to be shared between nations with reimbursements made through assistance-in-kind rather than cash. DOD also provided construction services and general logistical support through a private contractor.

In March 1993, the Security Council authorized, by Resolution 814, the establishment of UNOSOM II, a peacemaking operation that was intended to maintain the secure environment created by UNITAF as U.S. troops departed Somalia. In addition, UNOSOM II was to aid Somalia in creating a more stable infrastructure, encourage national political reconciliation, and help to rebuild the Somali system for administering justice. Member states were expected to pay their assessed share of the estimated budget for the operation.¹ Command of the area was turned over to the UNOSOM II commander on May 4, 1993. The United Nations planned that UNOSOM II would eventually comprise about 28,000 troops from a number of participating countries. The United States deployed 2,900 military logistics personnel to participate in UNOSOM II, as authorized by section 628 of the Foreign Assistance Act of 1961.

DOD's effort in support of UNOSOM II was called Operation Continue Hope. Under this operation, DOD also had about 1,100 troops from the 10th Mountain Division, under U.S. command, as a quick reaction force to assist U.N. forces. In October 1993, the President sent additional ground troops into Somalia, under U.S. command, and ordered Marines and Navy ships to offshore positions as reinforcements. As of November 1993, U.S. military personnel in and near Somalia totaled almost 14,000, in addition to the 2,900 troops assigned to the U.N. operation. In accordance with the President's decision of October 7, 1993, all but a few hundred military personnel will be withdrawn from Somalia by March 31, 1994. These personnel will remain to assist in the protection of the U.S. Liaison Office.

¹The United States is assessed 30.4 percent of each U.N. peacekeeping operation's budget. As of December 1993, the United States owes \$166 million to the United Nations for peacekeeping assessments.

United Nations Provides Reimbursement for Some Participation in Somalia Operations

In operations for Somalia, the United Nations agreed to pay governments for providing support to the United Nations under different types of agreements. The United States provided assistance through these agreements under the authority of section 607 of the Foreign Assistance Act. In addition, support was provided through the Trust Fund for Somalia, which used contributions from member states totaling \$105 million, to reimburse governments for the assistance necessary to field the contingents from 10 specific countries as part of UNITAF. Another type of agreement is a Letter of Assist, whereby goods and services are requested from a government and paid for by the United Nations.

In addition to paying for specific goods and services, and in return for participating in specific U.N.-led peacekeeping operations, the United Nations reimburses member nations for the costs they incur when fielding troops and equipment. As authorized under section 630 of the Foreign Assistance Act, the U.S. government will be reimbursed by the United Nations for the use of the 2,900 logistics troops assigned to the U.N. force, based on the established payment rates. The United States will not receive this payment for troops participating in UNITAF/Restore Hope, as this was a U.S.-led operation.

Prior to deployment, the United Nations requests each participating country to bring certain types and amounts of ground equipment. The United Nations estimates the total value of equipment in the operation and budgets for payments of 20 percent of that value each year, for up to 5 years. It bases the actual payments on an estimate of the difference in value of the equipment between the time it arrived and the time it departs an operation. The United Nations reimburses for aircraft and ships based on hourly rates and actual usage. The U.S. government will, therefore, receive some payment for the value of its equipment brought by the 2,900 logistics troops that are part of UNOSOM II. Since other U.S. military personnel are under direct U.S. command and control and not part of UNOSOM II, neither the use of these troops nor their equipment is subject to reimbursement by the United Nations. Also, the United States will not receive this payment for equipment used in UNITAF/Restore Hope, since this was not a U.N.-led operation.

Objectives, Scope, and Methodology

After discussions with several congressional committees, we determined that a review of the costs associated with U.S. participation in U.N. Somalia operations would be useful. Our objectives were to determine (1) what incremental costs DOD incurred during operations in Somalia;

(2) the impact these operations have had on DOD's normal spending plans; and (3) what, if any, reimbursement the United States could expect for expenses incurred during the Somalia operations and how DOD and the State Department will share such reimbursement.

To review cost and troop participation information for Somalia operations, we interviewed officials and reviewed cost reports at the Office of the Secretary of Defense (OSD), Office of the Comptroller; the Budget Offices for the Army, Air Force, and Marine Corps; the 10th Mountain Division Headquarters, Fort Drum, New York; and the 1st Marine Expeditionary Force Headquarters, Camp Pendleton, California.

We interviewed officials at the OSD Office of the Comptroller and the State Department's Bureau of International Organizations Affairs and the Permanent Mission of the United States to the United Nations and reviewed documents from these offices. Our purpose was to review the tracking and billing at the United Nations for DOD assistance and the procedures for receipt of U.N. payments to the U.S. government for in-kind assistance and troop/equipment usage.

To review the U.N. budget process for peacekeeping and the policies for paying bills, we interviewed officials at the Field Operations Division, United Nations; the Permanent Mission of the United States to the United Nations; and the Ford Foundation.

To assess whether DOD will be able to receive and use the payments from the United Nations and how these payments may be divided between DOD and the State Department, we reviewed applicable legislation and interviewed officials at both DOD and the State Department.

We conducted our review between March 1993 and January 1994 in accordance with generally accepted government auditing standards.

The Cost of DOD Operations in Somalia and Effect on Normal Spending Plans

DOD has incurred incremental costs¹ of almost \$885 million for operations in Somalia through the end of fiscal year 1993. (See table 1 in executive summary.) This includes DOD's incremental costs for its operations, as well as reimbursable expenses DOD incurred in support of the United Nations and other nations, which are discussed in chapter 3. DOD paid for these operations by moving funds within and between its existing appropriations. According to DOD officials, this movement did not adversely affect DOD's normal spending plans.

Costs of DOD's Operations in Somalia Could Approach \$1 Billion

U.S. military personnel participated in three different operations in Somalia—Provide Relief, Restore Hope, and Continue Hope. Operations Provide Relief and Restore Hope ran concurrently, with different missions. Operation Continue Hope began when the other two operations ended in May 1993 and is ongoing.

Operation Provide Relief

From April 1992 through April 1993, DOD spent \$20.1 million—\$9.3 million in fiscal year 1992 and \$10.8 million in fiscal year 1993—to support Operation Provide Relief. This support consisted mainly of airlift for humanitarian supplies and workers and Pakistani troops participating in UNOSOM I. The services have had to absorb most of these costs.

To pay for some of the \$9.3 million in fiscal year 1992 costs, DOD reimbursed the Air Force for almost \$3.6 million from funds for global disaster relief established by section 8105A of the fiscal year 1992 Defense Appropriations Act. The remaining \$5.7 million from fiscal year 1992 and the \$10.8 million for fiscal year 1993 had to be absorbed by the services within their normal operations and maintenance appropriations.

As allowed by section 7 of the U.N. Participation Act (22 U.S.C. 287d-1(b)), the acting Secretary of State, using authority delegated by the President under Executive Order No. 10206 and in consultation with the Secretary of Defense, waived reimbursement for support provided to the United Nations during this operation. The decision to waive reimbursement was based on a U.N. request for assistance and the related determination by the acting Secretary of State that it was consistent with the national interest to comply without seeking reimbursement. Therefore, costs incurred during this operation remained the responsibility of the service directed to accomplish the task assigned.

¹As defined by the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) for use during Operation Desert Shield/Storm, incremental costs are only those costs that would not have been incurred except for the operation. DOD is still using this definition.

Operation Restore Hope

OSD officials reported that, as of the end of April 1993, which was essentially the end of the operation, \$692.2 million had been obligated for Restore Hope. These obligations included the sustainment costs, such as food, water, and fuel, for the U.S. troops deployed to the operation, as well as transportation of personnel and equipment. They also included incremental payroll costs for military personnel stationed in the area. Each service member was paid a total of \$248 per month above salary for imminent danger pay, foreign duty pay, and, if applicable, family separation pay.

Most of the support for the operation was drawn from the services' operations and maintenance appropriations. Initially, to cover costs for the operation, the services were able to reallocate funds from programs with less immediate funding needs and borrow against future quarterly budget allocations. Some scheduled training exercises were canceled and others were postponed, if possible. Services were required to capture and report all operation-related obligations to the OSD Comptroller. Our review of a limited number of obligation documents for purchase of material and equipment determined that they were directly related to the operation and charged to the appropriate accounting designation.

DOD estimated the incremental cost of Operation Restore Hope to be \$750 million. This total was developed early in the operation from estimates provided by the services and revised by OSD, based on available information. In April 1993, the Secretary of Defense submitted a plan to the House and Senate Committees on Appropriations and on Armed Services to transfer funds to cover the estimated incremental cost of \$750 million from current procurement and research and development appropriations to operations and maintenance and military personnel appropriations. Funding was taken from several programs, including the Strategic Defense Initiative and National Guard aircraft. In July 1993, the Congress enacted legislation (P.L. 103-50) that was consistent with the DOD-proposed transfer and did not provide DOD with any additional funding for the operation. Since Operation Restore Hope cost less than the estimated \$750 million, the remaining funds from the transfer were applied to other unfunded operations, such as Operation Provide Relief.

Operation Continue Hope

OSD estimates incremental costs of \$94.7 million for fiscal year 1993 for Operation Continue Hope and U.S. participation in UNOSOM II. These costs were absorbed by the services within their normal operations and maintenance appropriations or covered by some of the unexpended

money left from Restore Hope, which was applied to these additional costs.

The costs include (1) \$46.6 million predominantly for the quick reaction force in country to assist forces in UNOSOM II, (2) \$43.7 million in self-sustainment for the 2,900 U.S. troops assigned to the United Nations as part of the UNOSOM II force, and (3) \$4.4 million in incremental personnel costs. DOD is eligible for reimbursement from the United Nations for the entire cost of this self-sustainment and billed the United Nations for the total in January 1994. DOD will also be reimbursed for the incremental personnel costs.

The United States is eligible for reimbursement because guidelines for the U.N. Operation in Somalia direct that each nation come prepared to sustain its troops until the United Nations has established the necessary infrastructure to cover operational requirements. This is normally assumed to be a limited period—not more than 60 days. Occasionally, it is extended, as has happened in Somalia. The United Nations will then resupply each nation.

OSD and the services have not yet estimated the fiscal year 1994 costs for the operation, which is ongoing and changing. The Army had estimated costs for the 1,100 quick reaction force troops to be \$45.8 million; however, this estimate was done late in fiscal year 1993 and was overtaken by events. Since that time, some troops were redeployed, additional troops were sent into the area, and now most troops are being redeployed. Therefore, it is difficult to accurately estimate what costs might be incurred.

DOD Reports That Spending Plans Were Not Adversely Affected by Moving Money to Pay for Somalia Operations

OSD and the services were able to reallocate funds from programs with less immediate funding needs and use money allocated to future quarters. According to DOD officials, this did not seem to adversely affect the normal spending plans established through the budget and appropriations cycle. However, the same officials are concerned that readiness may suffer if funding continues to be taken from training and infrastructure support.

After the yearly Defense Appropriations Act is passed by the Congress, the Office of Management and Budget apportions the funds, and the DOD Office of the Comptroller allocates the apportioned amounts to each service by quarter. Under 31 U.S.C. 1515(b), an agency may request access to funds that would otherwise be apportioned for future quarters of the

fiscal year if this is necessary to respond to emergencies. This allows the budget offices some flexibility to fund large unanticipated emergencies, such as Operation Restore Hope, if they occur early enough in the fiscal year. Since the operation began in the first quarter of fiscal year 1993, the services had access to almost the entire year's apportionments and were able to use future quarters' allocations to cover initial obligations for Restore Hope.

Some services canceled scheduled training exercises and postponed others in the early phase of Operation Restore Hope. These cancellations were made in part because the troops scheduled for the training were being deployed to the operation, although the immediate need for funds was also a factor. In some instances, other troops were substituted for those originally scheduled.

The impact of peacekeeping operations on readiness, however, is mixed. With regard to combat forces, Army officials have expressed some concern that participating in peacekeeping operations may degrade unit combat readiness because of the inability to practice individual and collective warfighting skills. In addition, DOD officials noted that soldiers require reorientation when shifting from a peacekeeping environment, which requires restraint in the use of force, to a traditional warfighting role.

On the other hand, peacekeeping activities provide opportunities for those with skills other than warfighting, such as logistics, to practice and enhance these skills. However, in commenting on a draft of this report, DOD noted that logistics training being provided in operations such as Restore Hope does not substitute completely for the training that would result from a prepared training exercise. In the latter, the combat support and combat services support elements would work with combat forces as they would in high intensity combat operations.

Service officials expressed concerns regarding the mid- to long-term effects of transferring appropriations in order to provide funding for unplanned operations; Somalia is only one of several such operations now underway. In a budget presentation, the commanding general of one major Army command stated that any diversion of funds will undermine a commander's program even if the funds are reimbursed later; without timely reimbursement, the ability to perform critical training or infrastructure support tasks is permanently lost. DOD officials noted that the transfer of funds from other appropriations accounts to operations and

maintenance may interfere with long-term efforts to upgrade or modernize equipment, thus degrading readiness.

Conclusions

Operations in Somalia have cost DOD almost \$885 million during fiscal years 1992 and 1993. Of this amount, over \$123.6 million should be reimbursed by the United Nations. Initially, DOD and the services had to absorb these costs in their normal operating budgets. However, the costs were, for the most part, covered by transferring funds from other DOD accounts into the operations and maintenance account, or they will be reimbursed by the United Nations. This did not adversely affect the services' normal spending plans.

Continued disruptions in DOD's spending plans, untimely reimbursements from both within and outside DOD, and the transfer of funds between accounts may, in the long run, undermine readiness. Also, there is concern that participation in peacekeeping operations could degrade unit combat readiness because of unique factors that do not allow for normal warfighting training.

DOD Is to Be Reimbursed by the United Nations for Troops, Goods, and Services

The United States is entitled to two categories of reimbursements from the United Nations for participating in Somalia operations: (1) goods and services provided under specific agreements and (2) the general use of U.S. troops and equipment. The United Nations has not yet paid DOD for all the bills submitted for goods and services. The U.S. government should also receive payment from the United Nations for the participation of its troops and equipment in UNOSOM II. The manner in which the money paid for troop participation and equipment usage may be shared by the Department of State and DOD is established in a written understanding between the two departments.

The United Nations Owes DOD Money for Goods and Services

During UNITAF and UNOSOM II, DOD provided assistance, in the form of goods and services, to the United Nations and participating countries; the United Nations will directly reimburse DOD for these costs. Such assistance, totaling about \$75.5 million, was provided in two ways: support defined and paid for by the Trust Fund for Somalia during UNITAF and support provided through Letters of Assist during UNOSOM II.

Trust Fund for Somalia

U.N. Security Council Resolution 794 led to the establishment of the Trust Fund for Somalia to provide support for some countries that would otherwise not be able to participate in UNITAF due to financial hardship. Since UNITAF was not under the United Nations, the fund was meant to serve as the only source of reimbursement for assistance provided to participants. The fund was financed by monetary contributions from member nations to reimburse countries for clothing, rations, equipment, and other goods and services that they had provided to 10 eligible countries during UNITAF operations. The 10 countries were Botswana, Egypt, Morocco, Turkey, Zimbabwe, Nigeria, Tunisia, Jordan, India, and Pakistan.

The United Nations is responsible for managing the fund, and an ad hoc panel was established to oversee the implementation of the fund's guidelines. The panel consists of a representative from Japan, which contributed \$100 million of the fund's \$105 million total; the United States, which contributed the largest share of troops, goods, and services to UNITAF; and the U.N. Secretary General. In recognition of the large U.S. troop and logistics contribution to UNITAF, at least 85 percent of the Trust Fund monies were reserved for U.S. claims. The United States concluded an agreement with the United Nations under the authority of section 607 of the Foreign Assistance Act of 1961 to provide goods and services for

reimbursement under the guidelines of the Trust Fund and for DOD to be the executive agent for the United States. This agreement stated that the United Nations would pay bills within 30 days after their receipt. Though the fund was established for UNITAF-related reimbursement, the donors have indicated that should any money remain in the fund after UNITAF bills are paid, it may be made available for use in UNOSOM II under the Trust Fund's original guidelines and U.N. Security Council resolutions.

DOD presented certified bills to the Trust Fund in June 1993 for \$9.79 million and in August 1993 for \$17.75 million, for a total of \$27.54 million for reimbursement for support it provided under the agreement. This amount was paid on October 21, 1993, 1 month after the end of fiscal year 1993, the year in which the goods and services were delivered.

As a general rule, in the absence of specific statutory authority to the contrary, reimbursements and other types of payments agencies receive from outside sources must be deposited into the Treasury as miscellaneous receipts (31 U.S.C. 3302(b)). Section 607 of the Foreign Assistance Act of 1961, however, allows payments agencies receive from foreign governments or international organizations for goods and services to be credited to the appropriate currently available appropriations account, if received within 180 days of the end of the fiscal year in which the goods or services were delivered. These amounts remain available to the agency for the same purposes as the original appropriation. In accordance with this authority, DOD transferred the \$27.54 million received from the United Nations into the fiscal year 1994 accounts that correspond to the fiscal year 1993 accounts that had been used to make the original payments. The funds were transferred as follows: almost \$14 million to the other procurement, Army, appropriation account; \$3.7 million to the operations and maintenance, Army account; \$1.4 million to the operations and maintenance, Marine Corps account; and \$8.4 million to the Defense Business Operations Fund for transportation.

Letters of Assist

During its operations, including UNOSOM II, the United Nations needs to fill planned and unexpected requirements for equipment and services peculiar to the operation. To do this, the United Nations uses Letters of Assist (LOA), which are specific agreements under which member countries are paid to provide needed goods and services to the United Nations. LOAs drawn up between DOD and the United Nations specifically define a requirement, the delivery and payment terms, and other necessary

information. DOD has provided the United Nations such items as armored personnel carriers, maps, riot control gear, and transport services through LOAS. According to DOD officials, as with the support provided through the Trust Fund, support provided through LOAS are authorized by section 607 of the Foreign Assistance Act.

DOD and the United Nations agreed on 19 individual LOAS for UNOSOM II in fiscal year 1993 that total \$48 million. Except in special circumstances, the United Nations does not prepay for support provided through LOAS, but reimburses based on completion of the terms of the agreement. DOD submitted the first bill to the United Nations on July 30, 1993. As of January 1994, the United Nations has been billed for \$44.2 million for LOAS that have been fully executed. The United Nations has paid \$7.1 million of this amount as of January 1994. DOD will submit bills to the United Nations for the remaining \$3.8 million. However, since DOD does not have an automated system for generating bills, it takes time to gather and consolidate data and create the bills to forward to the United Nations.

As is true of reimbursements from the Trust Fund for Somalia, payments to DOD under the LOAS are also covered by section 607 of the Foreign Assistance Act. Accordingly, DOD will be able to retain and spend these payments if they are received within 180 days of the end of the fiscal year in which the goods and services were provided. However, section 607 does not authorize DOD to retain payments received after this time period has elapsed. Therefore, LOAS must be fully executed, and bills for items delivered under them in fiscal year 1993 must be submitted to the United Nations so that DOD can receive the U.N. payments before March 30, 1994.

U.N. Payment for Troop and Equipment Participation

The United Nations pays each participating government for the use of its troops and equipment in a U.N. operation. The United States will, therefore, be paid for the 2,900 military logistics personnel and the equipment they operate as part of UNOSOM II. However, these payments may come long after the United States ends its participation.

Disposition of U.N. Troop Payments

Section 628 of the Foreign Assistance Act provides the authority for the United States to detail or assign personnel to international organizations such as the United Nations. Section 630 of the act provides that any reimbursement the United States receives for such personnel may be credited to either the original appropriation used to make the payment or the corresponding currently available appropriation or be applied against

the U.S. share of the expenses of the international organizations involved. The statute does not establish any time limit during which the reimbursement must be received. The United Nations uses a fixed rate of payment for all troops serving in U.N. operations. The payment the U.S. government receives for the 2,900 troops that are part of UNOSOM II will be based on the set U.N. payment rates of \$988 per person per month for regular infantry, \$1,279 per person per month for specialists, and \$70 per person per month for wear and tear on personal clothing, gear, and weapon.

While the U.S. government will receive the full U.N. troop reimbursement, DOD is interested in recovering only its incremental cost of \$318 per person per month. This amount includes \$248 per person per month in imminent danger, foreign duty, and family separation pays associated with sending troops to Somalia. It also includes \$70 per person per month for personal clothing, gear, and weapon.

According to both State Department and DOD officials, there is a written understanding between the Department of State and DOD on the division of U.N. payments for troop participation. Since DOD claims only those personnel-related costs that are incremental in nature (\$318 per person per month), the understanding would allocate the difference between these incremental costs and the U.N. payment for troop participation to the State Department as an offset to U.S. peacekeeping assessments. This understanding is included in a draft Presidential Review Directive outlining policies for U.S. participation in peacekeeping activities.

The State Department has estimated that, for the 5-month period ending September 1993, the United Nations could owe the U.S. government a total of \$15 million for troop participation in UNOSOM II. Of this amount, it is estimated that DOD's incremental personnel costs could be \$4.4 million, which would leave \$10.6 million to be offset against the U.S. peacekeeping assessment. The United States has now received a check from the United Nations for \$11.9 million¹ for payment of U.S. troop participation in UNOSOM II through August 1993. To reimburse DOD for its incremental costs and credit the remaining amount properly to the U.S. assessment, the State Department returned this check to the United Nations, asking instead that the United Nations send DOD a check for \$2.7 million and credit the U.S. peacekeeping assessment for \$9.2 million.

¹This total also includes a very small amount for U.S. participation in the United Nations Transitional Authority in Cambodia.

Contingent-Owned Equipment

At the start of an operation, the United Nations requests that each participating country bring specific types and amounts of equipment for use in the operation. According to DOD officials, section 607 of the Foreign Assistance Act provides the authority for DOD to provide this equipment on a reimbursable basis. The value of contingent-owned equipment is the basis for determining how much the United Nations pays for the use of this equipment.

DOD is currently determining the value of the equipment operated by the 2,900 U.S. troops now part of UNOSOM II. These troops deployed with more equipment than the United Nations requested, since the Army has specific requirements for unit equipment that exceed U.N. requirements. The United Nations does not pay for the use of equipment it did not request.

The written understanding between the Department of State and DOD allows DOD to retain all payments for equipment, so that DOD can recover its incremental costs for refurbishing the equipment used in UNOSOM II. Since this equipment is provided under the authority of section 607 of the Foreign Assistance Act, the payment must be received within 180 days of the end of the fiscal year in which the equipment was provided. If payment is received after this time, it appears that DOD would be unable to retain and spend the money.

Conclusions

DOD could receive at least \$123.6 million in reimbursements from the United Nations for operations in Somalia. Of this amount, DOD has received \$37.3 million in payments owed by the United Nations and could receive at least an additional \$86.3 million. These reimbursements would be for equipment, services, and other support provided primarily in fiscal year 1993. To the extent the reimbursements are received within the authorized time frame, they can be deposited into DOD's existing appropriations accounts for fiscal year 1994 and expended, without any requirement for further congressional action. Accordingly, these reimbursements could be expended by DOD in addition to the funds the Congress has appropriated for fiscal year 1994.

Matters for Congressional Consideration

While existing legislation allows DOD to retain U.N. reimbursements under certain circumstances, any reimbursement DOD receives from the United Nations in fiscal year 1994 or subsequent years for troops, goods, or services would be above the level of congressional appropriations for those fiscal years. Given the significant level of reimbursements involved,

the Congress may wish to consider whether (1) DOD should continue to have access to these reimbursements as currently allowed by the Foreign Assistance Act and, if so, whether the 180-day time limit for retaining any reimbursements received under section 607 of that act should be revised; (2) an amount equal to the reimbursements should be rescinded from DOD's current appropriations, if DOD is allowed to retain the reimbursements; or (3) it should create an account into which these U.N. reimbursements could be deposited for use in funding future DOD contingency operations.

Agency Comments and Our Evaluation

DOD and the Department of State generally agreed with the contents of this report; however, DOD disagreed with the matters suggested for congressional consideration. DOD noted, and we agreed, that under section 607 of the Foreign Assistance Act, the Congress has given DOD authority to accept reimbursement for goods and services to certain international organizations. DOD does not believe that amounts equal to U.N. reimbursements should be rescinded because the reimbursements simply allow DOD to execute previous congressionally approved programs.

We have raised this matter not because we advocate denying DOD access to U.N. reimbursements, but because of (1) the large amount of reimbursements due DOD and (2) the fact that these reimbursements are in addition to amounts appropriated by the Congress. In addition, as discussed in the report, DOD presently only has access to U.N. reimbursements if they are received within 180 days from the end of the fiscal year in which the goods and services were delivered. However, DOD may not always receive reimbursements within the statutory period, in which case the reimbursement would be deposited in the general fund of the U.S. Treasury and be unavailable to DOD. We believe that all of the above factors merit a reexamination of U.N. reimbursements, including considering whether the (1) access to such reimbursements should continue and (2) the limited period for receiving reimbursements should be revised. We have revised the matters for congressional consideration to clarify the options available to the Congress.

The State Department's comments emphasize that voluntary contributions and assessments of member states provide the United Nations with the funds with which it reimburses countries that participate in peacekeeping operations. We recognize that assessments and voluntary contributions are the principal sources of U.N. funds. Our discussion of the U.N.'s sources of funds is limited because the scope of this report as described in

Chapter 3
DOD Is to Be Reimbursed by the United
Nations for Troops, Goods, and Services

chapter 1 is (1) DOD's incremental costs, (2) the impact operations in Somalia have had on DOD's normal spending plans, and (3) reimbursements the United States could expect.

Both DOD and the State Department provided technical comments, which we have incorporated into the report as appropriate.

Comments From the Department of Defense

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



PRINCIPAL DEPUTY UNDER SECRETARY
OF DEFENSE
2000 DEFENSE PENTAGON
WASHINGTON, DC 20301-2000



POLICY

FEB 10 1994

Mr. Frank C. Conahan
Assistant Comptroller General
National Security and International
Affairs Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Conahan:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report, "PEACEKEEPING: Cost of DoD Operations in Somalia," dated December 16, 1993 (GAO Code 701003), OSD Case 9572. The Department partially concurs with the report.

The DoD agrees that the price tag on operations in Somalia has been high, possibly over \$1 billion. The benefit in terms of the mission - saving lives threatened by starvation - has been large as well - numbering in the hundreds of thousands.

The report properly points out that while spending plans were not adversely affected by the need to move money to pay for Somalia operations, overall operations did impact DoD readiness.

The DoD partially concurs with the GAO discussion about contingent-owned equipment. The GAO noted that since contingent-owned equipment is provided under the authority of Section 607 of the Foreign Assistance Act, the payment for it is not retained by DoD unless it is received within 180 days of the fiscal year in which costs were incurred. The GAO noted that if payments are received after that time, the DoD would be unable to retain and spend the money. The DoD notes that the agreement between the DoD and the United Nations requires reimbursement for the U.S. costs incurred for the United Nations Operation in Somalia no later than 30 days after the bill is submitted. Reimbursements received from the United Nations for use of contingent-owned equipment provided under Section 607 will be used to restore equipment after it is returned to the U.S., which in this case will be FY 1994 or later. The DoD does not expect that the United Nations reimbursement will be later



Appendix I
Comments From the Department of Defense

than 180 days after the end of the fiscal year in which the costs were incurred and will take measures to ensure that is not the case.

The DoD does not concur with the GAO suggestion that the Congress consider whether Section 607 should be changed on the ground that the DoD should not have access to funds in excess of those already appropriated. Section 607 does not have that effect. Through Section 607, the Congress has given the DoD authority to provide goods or services to the United Nations and accept and (up to the 180 day limit) retain reimbursement. The reimbursement merely restores funds or assets diverted to support peacekeeping operations in Somalia. Retaining the reimbursement simply permits the Department to purchase the items budgeted and approved, and maintain the capabilities authorized, by the Congress. It does not finance new or unapproved programs.

The DoD notes that the amendments to the Foreign Assistance Act proposed by the administration, which of course, we support, contemplate the substantial revision of Section 607 and the elimination of the 180 day limitation.

The GAO further suggested that, if the DoD is allowed to retain the reimbursements, the Congress should consider whether an amount equal to the reimbursement be rescinded from current DoD appropriations. This would adversely affect readiness, just as would turning the reimbursement over to the Treasury's general funds. Incremental costs incurred in support of contingency operations are not included in DoD appropriations. Reimbursements provided by the United Nations simply allow the DoD to execute programs already approved by the Congress, without adverse impact from providing goods and services to international organizations. No additional program will be procured because the reimbursement will be used to offset the goods and services used by international organizations by funding approved programs.

The GAO also suggested that Congress consider creating an account into which the United Nations reimbursements could be deposited for use in funding future DoD contingency operations. The DoD would concur with that suggestion if the Congress fully funded contingency operations in the year in which the costs are incurred, and then used the reimbursements received from international organizations to offset the costs of subsequent operations.

The detailed DoD comments on the report findings and matters for congressional consideration are provided in the enclosure. Some additional technical

Appendix I
Comments From the Department of Defense

comments were provided separately to the GAO staff. The Department appreciates the opportunity to comment on the draft report.

Sincerely yours,



Walter B. Slocumbe

Appendix I
Comments From the Department of Defense

GAO DRAFT REPORT - DATED DECEMBER 16, 1993
(GAO CODE 701003) OSD CASE 9572

"PEACEKEEPING: COST OF DOD OPERATIONS IN SOMALIA"

DEPARTMENT OF DEFENSE COMMENTS

* * * * *

FINDINGS

- o **FINDING A: The DoD Participation In Somalia Operations.**
The GAO reported that, in April 1992, the United Nations passed a resolution establishing the United Nations Operation in Somalia to observe prior cease fire agreements and provide security for humanitarian relief efforts in Somalia. The GAO explained that the situation in Somalia deteriorated and, on December 3, 1992, the United Nations Security Council passed a resolution accepting the U.S. offer to command a multi-national Unified Task Force (1) to establish a secure environment for humanitarian relief operations in Somalia and (2) to prepare for subsequent transition to United Nations forces. The GAO observed that the DoD termed the U.S. participation in the Unified Task Force as OPERATION RESTORE HOPE. The GAO further reported that, on March 26, 1993, the United Nations established United Nations Operation in Somalia II to maintain the secure environment in Somalia created by the Unified Task Force. The GAO pointed out that DoD participation in support of United Nations Operation in Somalia II was designated as OPERATION CONTINUE HOPE.

The GAO learned that the United Nations pays countries for providing support through certain types of agreements. The GAO pointed out that, to pay for support provided to ten specific countries during the Unified Task Force, the United Nations established the Trust Fund for Somalia and asked for contributions from member states. The GAO noted that other support can be provided through Letters of Assist, which arrange for goods and services to be paid for by the United Nations. The GAO further noted that the United Nations also budgets for and pays member states participating in United Nations operations for providing troops and equipment to such operations. (pp. 1-3, pp. 12-15/GAO Draft Report)

DOD RESPONSE: Concur.

Now on pp. 2-3, 12-13.

Appendix I
Comments From the Department of Defense

- o **FINDING B: Cost of DoD Operations in Somalia Could Approach \$1 Billion.** The GAO reported that the DoD had incurred costs of over \$897 million through the end of FY 1993. The GAO reported that for OPERATION PROVIDE RELIEF, the DoD incurred \$20.1 million in costs-- primarily for airlift of humanitarian workers, aid, and Pakistani troops. The GAO pointed out that, while such support could have been reimbursed by the United Nations, the Secretary of State waived reimbursement for services to the United Nations Operation in Somalia provided by the United States, as allowed under section 7 of the United Nations Participation Act. The GAO pointed out that, as a result, the DoD absorbed the entire \$20.1 million within its normal operating appropriations.

The GAO further reported that DoD officials estimated that \$750 million would be spent on OPERATION RESTORE HOPE. The GAO found that the Services used money allocated to future quarters until the Congress allowed the DoD to transfer the \$750 million from procurement and research and development appropriations to its operations and maintenance and military personnel appropriations to cover the amounts borrowed to pay for those costs. The GAO determined that the actual incremental costs totaled \$692.2 million. The GAO learned that money left after OPERATION RESTORE HOPE costs were paid was applied to unfunded operations, such as OPERATION PROVIDE RELIEF.

In addition, the GAO reported the DoD had estimated that the costs for OPERATION CONTINUE HOPE/UNITED NATIONS OPERATION IN SOMALIA II for May through September 1993 were about \$110.7 million. Of that amount, the GAO noted the DoD incurred costs of about \$46.6 million for U.S. troops, which were not part of United Nations Operation in Somalia II. The GAO noted that amount was also absorbed by the Military Services through their normal operating appropriations--or offset against the funds that were transferred for OPERATION RESTORE HOPE. The GAO pointed out that the balance of \$64.1 million is reimbursable from the United Nations. The GAO added that the DoD and the Services had not yet estimated the FY 1994 costs for the operation--which is ongoing and changing. (pp. 5-6, pp. 20-25/GAO Draft Report)

DOD RESPONSE: Concur.

- o **FINDING C: The DoD Spending Plans Were Not Adversely Affected by Moving Money to Pay for Somalia Operations.** The GAO concluded that the Office of the Secretary of Defense and the Military Services were able to reallocate

Now on pp. 4-5, 16-18.

Appendix I
Comments From the Department of Defense

funds from programs with less immediate funding needs and use money allocated to future quarters. The GAO pointed out that, according to officials in the Office of the Secretary of Defense, the Army, and the Marine Corps, such transfers did not adversely affect the normal spending plans of the Department. The GAO did note, however, that those same officials expressed concern that readiness might suffer if funding continued to be taken from training and infrastructure support.

The GAO found that the Military Services canceled some scheduled training exercises and postponed others in the early startup phase of the Somalia operation. The GAO concluded that the cancellations were made, in part, because the troops scheduled for the training were being deployed to the operation--although the immediate need for funds was also a factor. The GAO also noted, however, that in some instances, other troops were substituted for those originally scheduled for training.

In summary, the GAO concluded that the impact of peacekeeping operations on readiness is mixed. The GAO noted that, with regard to combat forces, DoD officials expressed concern that participation in peacekeeping operations may degrade unit combat readiness because of the inability to practice individual and collective warfighting skills. The GAO cited, as an example, that pilots flying strategic airlift missions may be flying the required number of hours; however, they are not practicing other skills, such as tactical formation air drops, which are necessary for complete readiness. The GAO pointed out that, in addition, DoD officials had noted soldiers required reorientation when shifting from a peacekeeping environment--which requires restraint in the use of force--to a traditional warfighting role. However, the concluded that peacekeeping activities provide opportunities for those with skills other than warfighting (such as logistics) to practice and enhance those skills.

The GAO also observed that Service officials expressed concerns regarding the mid- to long-term effects of transferring appropriations in order to provide funding for unplanned operations, of which Somalia is only one of several now underway. The GAO pointed out that, in a budget presentation, the commanding general of one Army major command stated that any diversion of funds will undermine a commander's program, even if the funds are reimbursed at a later time--and, without timely reimbursement, the ability to perform critical training or infrastructure support tasks is permanently lost. The

GAO reported that same general, as well as other DoD officials, noted that the transfer of funds from procurement and research and development accounts to operations and maintenance may interfere with long term efforts to upgrade or modernize equipment--thus, degrading readiness. (pp. 6-7, pp. 25-27/GAO Draft Report)

Now on pp. 5, 18-20.

See comment 1.

DOD RESPONSE: Concur. It should be noted, however, that the logistics training being provided in operations such as RESTORE HOPE does not substitute completely for that which would result from a prepared training exercise. In the latter situation, the combat support and combat services support elements would work with combat forces as they would in high intensity combat operations. The training opportunities available in peacekeeping operations do not substitute for planned exercises, such as those at the National Training Center.

- o **FINDING D: The United Nations Owes the DoD Money for Goods and Services.** The GAO reported that the U.S. is entitled to payment from the United Nations for participation in Somalia operations in two categories: goods and services provided under specific agreements and the general use of U.S. troops and equipment. The GAO reported that, during United Task Force and United Nations Somalia II, the DoD provided assistance in the form of goods and services to the United Nations and participating countries for which the United Nations will directly reimburse the DoD. The GAO observed that such assistance, totaling about \$72 million, was provided for by the Trust Fund for Somalia and through Letters of Assist.

- **Somalia Trust Fund**--The GAO reported that the U.S. signed an agreement with the United Nations under the authority of Section 607 of the Foreign Assistance Act of 1961 to provide goods and services for reimbursement under the guidelines of the Somalia Trust Fund and for the DoD to be the executive agent for the United States.

The GAO reported that the DoD presented certified bills to the trust fund in June 1993 for \$9.79 million and in August 1993 for \$17.75 million, for a total of \$27.54 million, and was paid on October 21, 1993, one month after the end of FY 1993, the year in which the goods and services were delivered. The GAO

reported that, as a general rule, in the absence of specific statutory authority to the contrary, reimbursements and other types of payments agencies receive from outside sources must be deposited into the Treasury as miscellaneous receipts (31 U.S. Code 3302(b)). The GAO noted, however, that section 607 allows payments agencies receive from foreign governments or international organizations for goods and services to be credited to the appropriate currently available appropriations account, if received within 180 days of the end of the fiscal year in which the goods or services were delivered. The GAO pointed out that those amounts remain available to the agency for the same purposes for which the appropriation to which they are credited are available.

The GAO reported that, in accordance with such authority, the DoD transferred the \$27.54 million received from the United Nations into the FY 1994 accounts that correspond to the FY 1993 accounts that had been used to make the original payments--that is, almost \$14 million to the Other Procurement, Army, appropriation account; \$3.7 million to the Operation and Maintenance, Army, account; \$1.4 million to the Operation and Maintenance, Marine Corps, account; and \$8.4 million to the Defense Business Operations Fund for transportation.

- Letters of Assist--The GAO reported that, during its operations, including the United Nations Operation in Somalia II, the United Nations must fill planned and unexpected requirements for equipment and services peculiar to the operation. The GAO reported that to do that, the United Nations uses Letters of Assist--specific agreements under which needed goods and services are provided by member countries to the United Nations in return for payment.

The GAO found that the DoD and the United Nations agreed on 20 individual Letters of Assist for the United Nations Operation in Somalia II, totaling \$44.4 million. The GAO noted that the DoD submitted the first bill for support provided under Letters of Assist to the United Nations on July 30, 1993. The GAO reported that, as of October 1993, the DoD has submitted about \$27.5 million in consolidated bills for those Letters of Assist which have been

Appendix I
Comments From the Department of Defense

fully executed. The GAO pointed out those bills have not yet been paid by the United Nations. The GAO added that the DoD will submit bills to the United Nations for the remaining \$16.9 million when the Letters of Assist are fully executed. The GAO noted, however, since the DoD does not have an automated system for generating bills, it takes time to gather and consolidate data and create the bills to forward to the United Nations.

The GAO observed that, as is true of reimbursements from the Somalia Trust Fund, payments to the DoD under the Letters of Assist are also covered by Section 607. The GAO pointed out that, accordingly, the DoD will be able to retain and spend those payments if they are received within 180 days of the end of the fiscal year in which the goods and services were provided. The GAO concluded, however, that Section 607 does not authorize the DoD to retain payments received after such time period has lapsed. The GAO further concluded, therefore, that Letters of Assist must be fully executed, and bills for items delivered under them in FY 1993 must be submitted to the United Nations, so that payments from the United Nations for those bills can be received by the DoD before March 30, 1994. (pp. 32-34/GAO Draft Report)

Now on pp. 21-23.

See comment 2.

DOD RESPONSE: Partially concur. The Section 607 agreement between the Department and the United Nations requires reimbursement no later than 30 days after the bill is submitted. Even given the 90 days to develop a bill for the United Nations, reimbursement is planned to be received well within the 180 day limit contained in Section 607 of the Foreign Assistance Act.

- o **FINDING E: The United Nations Payment for Troop Participation.** The GAO reported that Section 628 of the Foreign Assistance Act authorizes the U.S. to detail or assign personnel to international organizations such as the United Nations. The GAO further reported that, in addition, Section 630 of the Act provides that any reimbursement the U.S. receives for such personnel may be (1) credited to the original appropriation used to make the payment, (2) the corresponding currently available appropriation, or (3) applied against the U.S. share of the expenses of the international organizations involved. The GAO pointed out that the statute does not establish any time limit during which the reimbursement must be received. The GAO noted that the payment the U.S.

Appendix I
Comments From the Department of Defense

Government receives for the 2,900 troops, which are part of United Nations Operation in Somalia II, will be based on \$988 per troop per month for regular infantry, \$1279 per troop per month for specialists, and \$70 per troop per month for personal clothing, gear, and weapon.

The GAO observed that, while the U.S. will receive the full troop reimbursement, the DoD is interested in recovering only its incremental cost of \$240 per troop per month. The GAO noted that, since the DoD claims only those personnel costs which are incremental in nature (\$240 per troop per month), the understanding would allocate the difference between the incremental costs and the United Nations payment to the State Department as an offset to U.S. peacekeeping assessments. The GAO noted that such an understanding is included in a draft Presidential Decision Directive, which outlines policies for U.S. participation in peacekeeping activities.

The GAO estimated that, for the 5 month period ending September 1993, the United Nations could owe the U.S. Government a total of almost \$16.4 million for troop participation in the United Nations Operation in Somalia II. The GAO further estimated that, for that same period, the DoD incremental personnel costs could be about \$3.5 million--which would leave about \$12.9 million to be offset against the U.S. peacekeeping assessment. The GAO pointed out that, through August 1993, the U.S. had received a check from the United Nations for \$11.9 million for payment of U.S. troop participation in the United Nations Operation in Somalia II. The GAO noted that, according to State Department officials, they plan to return the check to the United Nations and ask that the United Nations send the DoD a check for \$2.7 million and credit the U.S. assessment for \$9.2 million. (pp. 34-36/GAO Draft Report)

DOD RESPONSE. Concur. Based on new information, however, it should be noted that the incremental costs to the Department are \$318 per soldier month. That amount includes additional pay (\$248 per month) that the soldier earns due to assignment to peacekeeping operations, and \$70 per month for personal clothing, gear and weapon.

- o **FINDING F: The United Nations Payment for Contingent Owned Equipment Use.** The GAO reported that, at the start of an operation, the United Nations requests each participating country to bring specific types and amounts of equipment for use in the operation. The GAO noted that, according to DoD officials, Section 607 of the

Now on pp. 23-24.

See comment 1.

Appendix I
Comments From the Department of Defense

Foreign Assistance Act provides the authority for the DoD to provide such equipment. The GAO also noted that the value of the contingent-owned equipment is the basis for payments from the United Nations to contributing governments for the use of the equipment in the operation.

The GAO found that the DoD is currently determining the value of the equipment operated by the 2,900 U.S. troops now part of the United Nations Operation in Somalia II. The GAO noted those troops deployed with more equipment than the United Nations requested, because the Army has specific requirements for unit equipment that exceed United Nations requirements. The GAO pointed out that the United Nations does not pay for the use of equipment it did not request.

The GAO found that the written understanding between the Departments of State and Defense allows the DoD to retain all payments for contingent-owned equipment. The GAO concluded, however, that since such equipment is provided under the authority of Section 607, the payment must be received within 180 days of the end of the fiscal year in which the equipment was provided. The GAO further concluded that, if payment is received after that time, it appears the DoD would be unable to retain and spend the money. (pp. 36-37/GAO Draft Report)

DOD RESPONSE: Partially concur. The reimbursement from the United Nations for contingent-owned equipment will be used primarily to restore the equipment to a ready condition. As explained in the DoD response to Finding D, the agreement between the DoD and the United Nations requires reimbursement for the U.S. costs incurred for the United Nations Operation in Somalia II no later than 30 days after the bill is submitted. Since the costs for the contingent-owned equipment will be incurred after the equipment is returned to the U.S. - which in this case will be FY 1994 or later costs, there is almost no possibility that the funds will not be available for equipment restoration.

* * * * *

MATTERS FOR CONGRESSIONAL CONSIDERATION

- o **SUGGESTION 1:** The GAO suggested that the Congress should consider whether the DoD should have access to funds in excess of those already appropriated. (p. 38/GAO Draft Report)

Now on p. 25.

See comment 3.

See comment 4.

Now on p. 26.

Appendix I
Comments From the Department of Defense

DOD RESPONSE: Nonconcur. The Congress has given the Department the authority to accept reimbursement for goods and services provided to other agencies of the U.S. Government. Section 607 extends that authority to certain international organizations. The reimbursement being received by the Department allows for acquisition of goods and services approved by the Congress that were deferred in order to execute other efforts deemed to be of higher priority in the short term.

See comment 4.

Now on p. 26.

- o **SUGGESTION 2:** The GAO suggested that, if DoD is allowed to retain the reimbursements, the Congress should consider whether an amount equal to the reimbursement should be rescinded from current DoD appropriations. (p. 38/GAO Draft Report)

DOD RESPONSE: Nonconcur. Funding for incremental costs incurred in support of contingency operations is not included in DoD appropriations. Reimbursements received from the United Nations are for incremental costs associated with supporting specific United Nations operations. The reimbursements simply allow the Department to execute previous congressionally approved programs. No additional program can be procured, because the reimbursement will be used to obtain the goods and services deferred from approved programs.

See comment 4.

Now on p. 26.

- o **SUGGESTION 3:** The GAO suggested that the Congress should consider whether to create an account into which the United Nations reimbursements could be deposited for use in funding future DoD contingency operations. (p. 38/GAO Draft Report)

DOD RESPONSE: Partially concur. The DoD would concur if the Congress fully funded contingency operations in the year in which the costs are incurred, and used the reimbursement received from international organizations to offset the costs. The Department would not concur, however, with a requirement that incremental costs of contingency operations be funded from annual operating budgets which do not include appropriation of funds for that purpose, with reimbursements being retained to fund future contingencies.

The following are GAO's comments on the Department of Defense's letter dated February 10, 1994.

GAO Comments

1. We have revised the report to reflect this information.
2. Although DOD anticipates payment within the 180-day limit, whether the United Nations will pay these bills within this period cannot be predicted.
3. DOD will have access to these payments only if they are received within the 180-day limit established in section 607 of the Foreign Assistance Act. Although the cost of restoring contingent-owned equipment will be incurred after it is returned to the United States, the 180-day limit is based on the fiscal year in which the equipment is provided, not the year in which it is refurbished.
4. We have revised the matters for congressional consideration to more clearly state our position. This issue is also discussed in the agency comments section of chapter 3.

Comments From the Department of State

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



United States Department of State

Washington, D.C. 20520

108 7 1994

Dear Mr. Conahan:

Thank you for the opportunity to comment on your draft report, "PEACEKEEPING: Cost of DoD Operations in Somalia," GAO Job Code 701003. Comments and suggested changes are enclosed. The Department would appreciate any comments not incorporated in the text to appear as an appendix.

If you have any questions concerning this response, please call Nathan Bluhm, IO/PHO, at 647-2708.

Sincerely,

Carolyn S. Lowengart
Carolyn S. Lowengart
Director
Management Policy

Enclosure:
As stated.

cc:
GAO - Ms. Borseth
State - Mr. Bluhm

Mr. Frank C. Conahan,
Assistant Comptroller General,
National Security and International Affairs,
U.S. General Accounting Office.

Appendix II
Comments From the Department of State

GAO DRAFT REPORT

"PEACEKEEPING: Cost of DoD Operations in Somalia,"

Job Code 701003

The following comments and suggested changes on the subject report are forwarded in response to the draft report.

Page 2. Para 2: Rewrite as follows: On March 26, 1993, the United Nations authorized the establishment of UNOSOM II to maintain the secure environment in Somalia created by UNITAF, pursue disarmament, and reestablish basic civil institutions. Most U.S. and coalition troops from UNITAF were withdrawn by May 4, when the UNITAF commander officially turned over command to the UNOSOM II commander. DoD participation in support of UNOSOM II has been designated Operation Continue Hope. At the peak of U.S. involvement, there were nearly 3,000 U.S. logistics troops supporting UNOSOM II. In addition, over 14,000 U.S. military personnel in and near Somalia have served in support of UNOSOM II, but under U.S. command and control and not as part of U.N. forces. In accordance with the President's decision of October 7, 1993, and consistent with provisions in the FY 94 Defense Appropriations Act, all U.S. forces will be withdrawn from Somalia by March 31, 1994 except for a few hundred personnel in non-combat roles.

See comment 1.

Page 3. Rewrite para 1 as follows: The United Nations budgets for the costs of peacekeeping operations, assesses member states accordingly, and reimburses participating member states for providing troops and equipment to such operations. Since the United States had up to 2,900 logisticians assigned to the U.N. force in Somalia, it will receive payments from the United Nations for these troops, but not for those that remained independent of U.N. operational control. In addition, the United States will be reimbursed for whatever equipment the United Nations requested for the operation. In the case of UNITAF, the United States agreed to provide troops without reimbursement from the United Nations for the American troops involved.

See comment 2.

Appendix II
Comments From the Department of State

- 2 -

Now on p. 3.
See comment 1.

Page 4. The second paragraph mixes UNITAF and UNOSOM expenses. Our expenses during UNITAF were non-reimbursable - except for support we provided to developing nations that deployed, for which DoD received reimbursement from the Somalia Trust Fund. GAO should point this out and specify whether the \$54.1 million and \$54.4 million are Letters of Assist and that they pertain to UNOSOM II. The \$3.5 million should be changed to \$4.4 million; this refers to UNOSOM II troop reimbursements and the text should so indicate.

Now on p. 4.
See comment 3.

Page 5. In the chart, we suggest a separate column with the heading, "Amounts Received as of (date)." We would remove the \$27.5 million received from the Somalia Trust Fund and create a separate row underneath "Restore Hope/UNITAF." It would also be useful to break UNOSOM II expenses into those pertaining to the logisticians (100% reimbursable), the U.S. forces independent of U.N. command (not reimbursable), and other assistance provided UNOSOM II. Instead of \$3.5 million and \$16.4 million for troop payments, we estimate these will be \$4.4 million and \$15.0 million. See our sample chart attachment.

See comment 1.

The text under the chart should read: In the pre-UNITAF effort to support U.N. initiatives and avert further humanitarian disaster in Somalia, the U.S. Government, through Presidential Authority under the UN Participation Act delegated to the Secretary of State in consultation with the Secretary of Defense, waived reimbursement for services to UNOSOM provided by the United States. Therefore, DoD absorbed the entire \$20.1 million within its normal operating appropriations.

Now on p. 5.
See comment 4.

Page 6. Para 2: In line 3, insert "...DoD incurred INCREMENTAL costs of..." The last 2 sentences should read as follows: The balance of \$64.1 million represents reimbursable troop contributions to UNOSOM II and other reimbursable support provided by the United States to the United Nations. DoD and the services have not yet estimated the fiscal year 1994 costs for the operation, which is ongoing and changing as our forces withdraw.

Now on pp. 5-6.
See comment 5.

Page 7. Top of page, last sentence of paragraph: add following words after "skills": under the challenging conditions characteristic of most U.N. peacekeeping operations.

See comment 2.

The middle paragraph should better distinguish among reimbursements from the Somalia Trust Fund (UNITAF), through Letters of Assist (UNOSOM II), and for the contribution of troops (UNOSOM II).

Appendix II
Comments From the Department of State

- 3 -

Page 8. Top sub-paragraph. A definition of "sustainment" would be useful.

Now on p. 6.
See comment 1.

Line 5 of last paragraph: change \$240 per month to \$318 per month. Change same sentence to read: "...and family separation pay--and THE UN ALLOWANCE FOR CLOTHING AND PERSONAL EQUIPMENT." (Delete remainder of sentence.) Next sentence: "DoD's incremental personnel costs would total about \$4.4 (vice \$3.5) million of an estimated \$15.0 (vice \$16.4) million..." 5 lines from the bottom, the words "...AND EQUIPMENT..." should be deleted. (Rationale: the State-DoD agreement covers troop reimbursements only.) Last sentence: Rewrite as follows: "This remainder of \$10.6 million is available to be applied toward U.S. assessments."

See comment 6.

Page 9. We suggest inserting a paragraph prior to the subsection on Questions Surrounding...Reimbursements, reading as follows: All of these DoD charges are paid by the United Nations through member state assessed contributions, of which State pays 30.4%. Thus, while DoD is reimbursed fully for its charges, State is ultimately responsible for paying 30.4% of the funds which are repaid to DoD.

Now on p. 6.
See comment 7.

Last paragraph, beginning with 2nd sentence, continuing onto page 10, rewrite as follows: Section 7 of the United Nations Participation Act and Section 607 of the Foreign Assistance Act, however, allow the money due from the United Nations for goods and services, as well as for Trust Fund support, to be credited to DoD's existing appropriation accounts. These amounts remain available to the agency for the same purposes as the appropriations to which they are credited.

See comment 8.

Page 10. Top of page: the time-limit sentences are not particularly relevant here and could be deleted. If they are retained, the Department of State would add the insert we provide for page 33.

Now on p. 7.
See comment 9.

Page 12. Last line, rewrite as follows: In April 1992, the United Nations arranged for a tenuous ceasefire among the factions and the Security Council authorized deployment of military forces under a peacekeeping mandate pursuant to its Resolution 751. (Rationale: Chapter VI does not give explicit authority for peacekeeping operations, and Security Council resolutions do not refer to this Chapter.)

See comment 1.

Page 13. Paragraph 2, line 8: rewrite sentence 4 as follows: Accordingly, the U.N. Security Council passed Resolution 794 on December 3, 1992, authorizing the Unified Task Force (UNITAF), which would be under U.S. rather than U.N. control.

Now on p. 12.
See comment 1.

Appendix II
Comments From the Department of State

- 4 -

See comment 1.

Footnote: delete. If not deleted, see note under page 14.

Now on p. 13. See
comment 10.

Page 14. Paragraph 1, sentence 1, rewrite as follows: UNOSOM, an assessed operation paid for with State CIPA funds, was able to continue providing humanitarian aid more effectively due to the presence of the U.S.-led UNITAF.

See comment 1.

Last paragraph, rewrite as follows: In March 1993, the United Nations Security Council authorized, under Resolution 814, the establishment of UNOSOM II, an operation under Chapter VII of the U.N. Charter, which....

Footnote: we would prefer to delete, because use of force is possible under both Chapter VI and VII operations; the legal distinctions between the two are rather complex. If footnote is maintained, we suggest this language: Chapter VII of the U.N. Charter authorizes U.N. enforcement action involving the use of force to maintain and restore peace, beyond the traditional peacekeeping authorized by Chapter VI. Enforcement activities may include such actions as interruption.... Add "other" before "military means."

Now on p. 13.
See comment 2.

Page 15. Replace second sentence, top of page, as follows: This operation, like UNOSOM I, was funded through peacekeeping assessments. Rewrite last sentence of top paragraph as follows: The United States deployed 2,900 military logistics personnel to participate in UNOSOM II.

See comment 1.

Add to end of last paragraph: The President ordered the withdrawal of all but a few hundred support personnel by March 31, 1994.

Now on p. 14.
See comment 10.

Page 16. Paragraph 1, sentence 1, rewrite as follows: In operations for Somalia, the United Nations agreed to reimburse governments for their assistance first from the UNOSOM I budget financed through member state assessed contributions, then through the Trust Fund for Somalia funded with voluntary contributions for participation in UNITAF, and then from the UNOSOM II budget funded from assessed contributions. Rewrite sentence 3 as follows: In the case of the Trust Fund for Somalia, contributions from member states, totalling over \$105 (vice \$106) million (\$100 million from Japan), were used to reimburse governments for the assistance necessary to field the UNITAF contingents of ten eligible countries, i.e., those countries that could not pay their own way.

Paragraph 3, insert on line 3: "...reimburses member nations OUT OF PEACEKEEPING OPERATIONS BUDGETS FUNDED WITH ASSESSED AND VOLUNTARY CONTRIBUTIONS for the extraordinary costs...."

Appendix II
Comments From the Department of State

- 5 -

Now on p. 14.
See comment 2.

Page 17. Rewrite first sentence, top of page, as follows: Pursuant to relevant legal authorities, the U.S. government will be reimbursed by the United Nations for the use of the 2,900 logistics troops assigned to the U.N. force, based on the established payment rates.

See comment 11.

Last paragraph, second sentence: "The individual governments provide a valuation of this equipment to the United Nations, which then pays the governments 30 (vice 20) percent of the value each year FOR THE FIRST TWO YEARS AND 20 PERCENT FOR THE THIRD AND FOURTH YEAR. IN 1994 THE UNITED NATIONS REVISED ITS DEPRECIATION SCHEDULE TO TEN PERCENT PER YEAR FOR ALL NEW AGREEMENTS WITH MEMBER STATES. Add to end of paragraph: However, DoD did receive reimbursement from the Trust Fund for some equipment provided to other nations' contingents during UNITAF, pursuant to the Section 607 agreement.

Now on p. 15.
See comment 1.

Pages 18-19. Last line, page 18: ...the State Department's BUREAU (vice Office) of International Organizations AFFAIRS and THE Permanent Mission....

Now on p. 16.
See comment 2.

Page 21. Last paragraph, delete first sentence.

Now on p. 16.
See comment 12.

Page 22. Top sub-paragraph, rewrite as follows: ...from the United Nations for assistance. Reimbursement was waived pursuant to the President's authority under Section 7(b) of the United Nations Participation Act, delegated to the Secretary of State in consultation with the Secretary of Defense. Therefore, costs incurred....

Now on p. 18.
See comment 13.

Page 24. Second paragraph should reflect payments DoD has received from the United Nations.

Now on p. 18.
See comment 1.

Page 25. Middle paragraph, replace last two sentences with the following: The President has established March 31, 1994, as a firm (vice tentative) withdrawal date for all U.S. troops, except for a few hundred which may remain in support roles; the Congress has authorized DoD funding for troops until March 31, 1994, except for the limited number of military personnel remaining beyond that date.

Now on p. 20.
See comment 14.

Page 28. Paragraph 1, insert after sentence 1: Of this amount, \$140.4 million are reimbursable from the United Nations.

Now on p. 21.
See comment 15.

Page 29. Paragraph 1, sentence 2: GAO should specify whether the U.N. is overdue (i.e., more than 30 days) or whether DoD has simply not submitted its bills. Otherwise, the sentence could convey the wrong impression.

Appendix II
Comments From the Department of State

- 6 -

Insert separate paragraph before THE UNITED NATIONS OWES DOD MONEY FOR GOODS AND SERVICES: Delays in payment by the United Nations for bills DoD has already submitted may be due to member states not making timely payments of their assessed peacekeeping contributions.

Page 30. Middle paragraph, beginning with sentence 3, rewrite as follows: The fund was financed by monetary contributions from several member nations, principally Japan, to reimburse ten eligible countries for clothing, rations, equipment, and other goods and services that they had provided during UNITAF operations. It was also to be used to reimburse nations, including the United States, for expenses in assisting those ten nations deploy and sustain their operations in Somalia. The ten countries were....

Second paragraph: Change \$106 million to \$105 million.

First paragraph, last sentence: "...guidelines and U.N. SECURITY COUNCIL (vice General Assembly) resolutions."

Last paragraph, sentence 2, rewrite as follows: Sections 7(b) of the UNPA and 607 of the Foreign Assistance Act of 1961, however, allow payments DoD receives under UNPA and those that any agency receives under Section 607 from foreign governments or international organizations for goods and services to be credited to the appropriate currently available appropriations account (delete remainder of sentence which continues onto page 32).

Page 32. Last paragraph, insert new sentence between sentence 2 and 3: LOAs drawn up between the DoD and the United Nations are concluded pursuant to U.S. domestic legal authorities, such as the United Nations Participation Act, Section 607 of the Foreign Assistance Act, and Section 3 of the Arms Export Control Act. Rewrite sentence 5 as follows: According to DoD officials, as with the support provided through the Trust Fund, support provided through LOAs is authorized by Section 607 of the Foreign Assistance Act or other domestic legal authorities.

Page 33. Middle paragraph, add sentence to reflect payments received.

Last paragraph, rewrite as follows: As is true of reimbursements from the Somalia Trust Fund, payments to DoD for UNOSOM II for which LOAs have been signed are authorized by Section 607 of the Foreign Assistance Act. The relevant 607 agreements with the United Nations require the United Nations to pay within 30 days. DoD is able to retain and spend these reimbursements received under the agreement. Although the

See comment 16.

Now on p. 21.
See comment 2.

See comment 1.
Now on p. 22.
See comment 1.

See comment 17.

Now on pp. 22-23.
See comment 18.

Now on p. 23.
See comment 1.

See comment 19.

Appendix II
Comments From the Department of State

- 7 -

current Section 607 agreement was concluded under the provision of that Section which contemplates that payment will be made within 180 days after the end of the fiscal year in which the items are delivered, Section 607(a)(2) provides additional authority for similarly using reimbursements received beyond the 180-day period. This provision could come into play in this case by amending the Section 607 agreement with the United Nations to provide that receipts after that period would be charged interest, in accordance with Section 607(a)(2).

Now on p. 23.
See comment 16.

Page 34. First paragraph, last sentence, rewrite as follows: As these payments are made from member state assessed contributions, they can only be disbursed when the United Nations receives these assessments; therefore, DoD may be reimbursed after its participation in the operation.

See comment 1.

Last paragraph, sentence 1, rewrite as follows: Section 628 of the Foreign Assistance Act provides an authority for the United States....

Now on p. 24.
See comment 1.

Page 35. Paragraph 1, change \$240 to \$318.

See comment 1.

Paragraph 2, rewrite first 2 sentences as follows: As a part of the Presidential Review (vice Decision) Directive on peacekeeping, an understanding was developed on the division between the Departments of State and Defense of U.N. reimbursements for troop participation. Only those personnel costs which are incremental in nature (\$318 per troop per month) are to be reimbursed to DoD, with the difference between these incremental costs and the U.N. payment allocated to the State Department as an offset to U.S. peacekeeping assessments.

See comment 1.

Paragraph 3, change \$16.4 million to \$15.0 million.

Now on p. 24.
See comment 1.

Page 36. Top of page, change \$3.5 million to \$4.4 million, and \$12.9 million to 10.6 million. Rewrite last sentence of top sub-paragraph as follows: In order to reimburse DoD for its incremental costs and credit the remaining amount properly to the U.S. assessment, the State Department returned the check to the United Nations, asking it instead to send DoD a check for \$2.7 million and credit the U.S. assessment for \$9.2 million.

Now on p. 25.
See comment 1.

Middle paragraph, we would replace sentence 2 with the following: To the extent the equipment is being provided to the United Nations on a reimbursable basis, the Section 607 agreement with the United Nations is the basis for providing the equipment. (Rationale: there are other authorities for providing equipment; 607 is used only if reimbursed.)

Appendix II
Comments From the Department of State

- 8 -

Page 37. Paragraph 1, replace entire paragraph with following sentence: The reimbursement sharing understanding contemplates DoD retaining all payments for contingent-owned equipment. If GAO chooses to address the 180-day payment issue, we would suggest inserting our insert for page 33.

Last paragraph, sentence 4, insert the following: "...within the authorized time frame OR IF SECTION 607 IS INVOLVED THROUGH APPROPRIATE ARRANGEMENTS TO COVER PAYMENTS RECEIVED AFTER 180 DAYS, they can be deposited...."

Page 38. We would eliminate option (1), renumber option (2) as (1), and eliminate option (3), since this is already the case.

Now on p. 25.
See comment 19.

Now on p. 26.
See comment 20.

**Appendix II
Comments From the Department of State**

- 9 -

See comment 3.

De- scrip- tion	Total Incr. Costs DoD	US Vol. Contr. Eligible for Reimb.	U.S. Vol. Contr. Ineligible for Reimb.	US Troops In Assessed Ops.	Other US Costs In Assessed Ops.	Amt Rec Fm UN
UNOSOM I	20.1		20.1			
UNITAF						
US troops:	692.2		692.2			
DoD spt. of others:	27.5	27.5				27.5
UNOSOM II	64.1			4.4	59.7	
U.S. TROOPS NOT UNDER U.N. COMMAND (QUICK REACTION FORCE, ETC.)	46.4		46.4			

The following are GAO's comments on the Department of State's letter dated February 7, 1994.

GAO Comments

1. We have revised the report to reflect this information.
2. Our report includes the essence of the State Department's suggested change.
3. We have amended table 1 to reflect this information, but do not believe the suggested revisions to the table's format would improve its clarity.
4. We have revised the report to reflect this information, but have updated the numbers and provided greater detail.
5. This is a military issue and has been revised based on DOD comments.
6. We have revised the report to reflect this information. However, DOD does not characterize its incremental cost of \$70 per month for personal clothing, gear, and weapon as "the U.N. allowance for clothing and personal equipment" as stated in the State Department's comments.
7. The United States assessment for peacekeeping operations is discussed in chapter 1.
8. The goods and services, as well as the support provided under the Trust Fund for Somalia, were provided under the authority of section 607 of the Foreign Assistance Act, not the U.N. Participation Act. Therefore, we believe there is no need to make reference to the U.N. Participation Act. Also, we continue to believe that reimbursements made under the authority of section 607 of the Foreign Assistance Act must be received within the statutory time limit included in that section if DOD is to retain the reimbursements.
9. We do not agree with the State Department's characterization of the discussion on statutory time limits as "not particularly relevant here." See comment 19 for further discussion.
10. We have revised the report to reflect this information. However, as discussed in the agency comments section of chapter 3, we believe that a detailed discussion of how U.N. peacekeeping operations are funded is outside the scope of this report.

11. United Nations documents state that the United Nations budgets for contingent owned equipment at a rate of 20 percent per year for 5 years and discussions with officials from the United Nations and the Permanent Mission of the United States to the United Nations confirmed this information. Also, since the agreements for operations in Somalia were concluded prior to 1994, any new payment arrangements do not affect U.S. reimbursements.

12. We have revised the report to indicate that consultation with the Secretary of Defense did occur.

13. As of January 1994, there have been no payments received from the United Nations for these costs.

14. We have revised the report to reflect this information but have updated the amount of reimbursement.

15. The report discusses bills submitted to the United Nations. These bills, totaling \$44.2 million, were submitted in June, August, October, and December 1993 and January 1994. As of February 8, 1994, DOD has only received \$7.1 million in reimbursement for the June bill.

16. As discussed in the agency comments section of chapter 3, we believe that a detailed discussion of how U.N. peacekeeping operations are funded is outside the scope of this report.

17. While we agree that the United Nations Participation Act allows the receipt of payments, we do not believe that discussion of the act is appropriate at this point, since the report is discussing support provided under section 607 of the Foreign Assistance Act. Also, we continue to believe that reimbursements made under the authority of section 607 must be received within the statutory time limit included in that section if DOD is to retain the reimbursements.

18. While we agree that support can be provided to the United Nations through several statutes, the report is discussing support provided under section 607 of the Foreign Assistance Act. Therefore, we believe this to be the relevant statutory cite.

19. We do not agree with the State Department's proposed language for three reasons. First, the agreement with the United Nations is a contractual agreement and any amendment, such as adding a requirement

that the United Nations pay interest on any reimbursements received after the statutory time limit contained in section 607 of the Foreign Assistance Act had expired, would not become effective unless it was agreed to by both DOD and the United Nations. We have seen no indication that the United Nations would agree to such an amendment. Second, our interpretation of the statutory language in section 607 (a)(2) and its legislative history leads us to conclude that authority to retain reimbursements received after the 180-day time limit has expired only applies to assistance provided through the Agency for International Development appropriations, provided the other statutory conditions such as the payment of interest and other requirements are satisfied. Third, as a matter of policy, we question whether the United States would charge the United Nations interest, particularly since the United States is in arrears on payment of its assessment for peacekeeping operations.

20. We believe that our discussion in the matters for congressional consideration lays out the options available to the Congress. With regard to the State Department's suggested changes, we have revised the first option to include whether the statutory time limit in section 607 of the Foreign Assistance Act should be revised if DOD is to be allowed to retain reimbursements. Also, we believe the State Department is incorrect in asserting that option 3 is "already the case." DOD does not deposit any reimbursements from the United Nations into a separate account for use in future contingencies. To our knowledge, no such DOD account exists.

Major Contributors to This Report

National Security and
International Affairs
Division, Washington,
D.C.

Steven Sternlieb, Assistant Director
Ann Borseth, Evaluator-in-Charge
William Cawood, Senior Evaluator
Joseph Kirschbaum, Evaluator

Office of General
Counsel

Alan Belkin, Senior Attorney

THE UNIVERSITY OF CHICAGO

Department of Chemistry

Chicago, Illinois

Dear Sir:

I have the pleasure to inform you that your order for

one hundred copies of the book "The Principles of Chemistry" has been received.

The book is now in the hands of the printer and will be ready for shipment in a few days.

I am sure you will find it a most interesting and valuable work.

Very respectfully,
The University of Chicago

Department of Chemistry

Chicago, Illinois

Enclosed for you are the books you ordered.

**United States
General Accounting Office
Washington, D.C. 20548-0001**

**Bulk Mail
Postage & Fees Paid
GAO
Permit No. G100**

**Official Business
Penalty for Private Use \$300**

Address Correction Requested